

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;  
Ann C. Fisher, Vice Chairman;  
Mark Acton;  
Ashley E. Poling; and  
Robert G. Taub

Competitive Product Prices  
Inbound E-format Letter Post

Docket No. CP2022-58

ORDER APPROVING PRICES FOR INBOUND LETTER POST  
SMALL PACKETS AND BULKY LETTERS

(Issued May 26, 2022)

I. INTRODUCTION

On April 29, 2022, the Postal Service provided notice of specific per-item and per-kilogram self-declared prices for its Inbound Letter Post Small Packets and Bulky Letters product effective on January 1, 2023.<sup>1</sup> For the reasons given below, the Commission approves the proposed prices for Inbound Letter Post Small Packets and Bulky Letters.

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<sup>1</sup> Notice of the United States Postal Service of Rates Not of General Applicability for Inbound E-Format Letter Post, and Application for Non-Public Treatment, April 29, 2022, at 1 (Notice).

## II. BACKGROUND

*Inbound Letter Post Small Packets and Bulky Letters.* Effective January 1, 2020, Inbound Letter Post Small Packets and Bulky Letters were transferred to the Competitive product list.<sup>2</sup>

*Notice.* In this proceeding, the Postal Service proposes specific per-item and per-kilogram self-declared prices for Inbound Letter Post Small Packets and Bulky Letters to be effective on January 1, 2023. Notice at 1. Under the Universal Postal Convention, if the Postal Service opts to self-declare rates for small packets and bulky letters, it must submit self-declared rates for Inbound Letter Post Small Packets and Bulky Letters that would take effect on January 1, 2023, to the Universal Postal Union (UPU) by June 1, 2022.<sup>3</sup> The Postal Service states that the proposed prices comply with 39 U.S.C. § 3633(a). Notice at 4-5.

*Initial Commission action.* On May 3, 2022, the Commission issued a notice establishing the docket, appointing a Public Representative, and providing interested persons with an opportunity to comment.<sup>4</sup>

## III. PROPOSED SELF-DECLARED RATES

The Postal Service proposes specific per-item and per-kilogram self-declared rates for the Inbound Letter Post Small Packets and Bulky Letters product effective January 1, 2023. Notice at 1. The Postal Service states that these “self-declared rates will be charged to other UPU designated postal operators, except to the extent that the

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<sup>2</sup> See Docket Nos. MC2019-17 and CP2019-155, Order Granting Postal Service’s Motion and Approving Prices for Inbound Letter Post Small Packets and Bulky Letters, December 19, 2019, at 18 (Order No. 5372); see also Docket No. MC2019-17, Order Conditionally Approving Transfer, January 9, 2019 (Order No. 4980).

<sup>3</sup> Universal Postal Convention (UPU Convention), Decisions of the 2021 Abidjan Congress, Berne 2022, Article 29.1. The UPU Convention is available at <https://www.upu.int/UPU/media/upu/files/aboutUpu/acts/actsOfCurrentCycle/actsLastCongressActsEn.pdf> (UPU Convention Articles).

<sup>4</sup> Notice and Order of Rates Not of General Applicability for Inbound E-Format Letter Post, and Application for Non-Public Treatment, May 3, 2022 (Order No. 6165).

UPU Convention establishes terminal dues rates that the Postal Service must charge in lieu of self-declared rates for certain low-volume letter-post streams dispatched from other countries[.]” *Id.* at 3. Specifically, the Postal Service states that UPU Convention terminal dues rates would apply to UPU Group II and III countries that have annual letter post flows to the United States below 25 metric tons and to UPU Group IV countries with annual letter post flows less than 100 metric tons.<sup>5</sup> The Postal Service also asserts that, as shown in the supporting financial workpapers, the proposed prices for the Inbound Letter Post Small Packets and Bulky Letters product satisfy the statutory and regulatory requirements for Competitive products. *Id.* at 4-5.

#### IV. COMMENTS

The Public Representative filed comments on May 13, 2021.<sup>6</sup> No other interested person filed comments. The Public Representative concludes that the proposed prices for the Inbound Letter Post Small Packets and Bulky Letters product satisfy the requirements of 39 U.S.C. § 3633(a). PR Comments at 2. Accordingly, she recommends approval of the proposed prices. *Id.*

#### V. COMMISSION ANALYSIS

*Inbound Letter Post Small Packets and Bulky Letters.* The Commission reviews price changes for Competitive products in terms of the criteria in 39 U.S.C. § 3633(a). These criteria prohibit the subsidization of Competitive products by Market Dominant products (§ 3633(a)(1)); require each Competitive product to cover its attributable costs (§ 3633(a)(2)); and require Competitive products as a whole to cover an appropriate

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<sup>5</sup> *Id.* at 3-4. The Postal Service adds that pursuant to certain provisions included in Articles 29.7. and 29.9. of the UPU Convention, the Postal Service can apply its self-declared rates to the below-threshold letter post flows from Group II, Group III, and Group IV countries. UPU Convention Articles 29.7 and 29.9. Notice at 4.

<sup>6</sup> Public Representative Comments on Postal Service Notice of Rates for Inbound E-Format Letter Post, May 13, 2022 (PR Comments).

share of institutional costs (§ 3633(a)(3)). As long as the revenue generated by the product exceeds its attributable cost, the proposed prices are unlikely to reduce the contribution of Competitive products as a whole or to adversely affect the ability of Competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if the Competitive product covers its attributable costs, the proposed prices are likely to comply with 39 U.S.C. § 3633(a).

The Commission has reviewed the Notice, supporting data filed under seal, and the Public Representative comments. According to the workpapers filed by the Postal Service, the total projected revenue for Inbound Letter Post Small Packets and Bulky Letters from terminal dues and self-declared rates in the 12-month period of Calendar Year 2023 exceeds the total projected attributable costs for Inbound Letter Post Small Packets and Bulky Letters. The Commission finds that the proposed prices should generate sufficient revenue to cover the costs attributed to the Inbound Letter Post Small Packets and Bulky Letters product. The Commission, therefore, concludes that the new Competitive prices comply with 39 U.S.C. § 3633(a) and 39 C.F.R. part 3035.

*Changes to the UPU Convention Affecting Future Filings.* On January 1, 2022, new UPU regulations took effect implementing a provision of the Universal Postal Convention that permits incrementally higher self-declared rates if such increases are necessary to cover costs.<sup>7</sup> This request must be based on a determination by the Commission. UPU Convention, Article 29.8. Required filings to exercise this option are due to the UPU by May 1 of each year, in advance of the June 1 deadline for submitting self-declared rates. UPU Convention, Article 29.8.

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<sup>7</sup> UPU Convention Articles 29.8; Regulations to the UPU Convention, Article RE 30-121, Calculation of the cost-to-tariff ratio for DOs applying article 28bis.6ter of the Universal Postal Convention, available at <https://www.upu.int/getmedia/1a3e9f20-8262-45d7-9d1d-3c76b0c6e14a/actNonPermanentRegulationsConventionFinalProtocol10-084En.pdf>. Referenced article 28bis.6ter of the Universal Convention is currently Article 29.8 of the UPU Convention, which took effect on January 1, 2022, available at <https://www.upu.int/UPU/media/upu/files/aboutUpu/acts/actsOfCurrentCycle/actsLastCongressActsEn.pdf>.

To enable the Postal Service to take advantage of this option in future years, the Commission will need to review the Postal Service's self-declared rates in time for the Postal Service to meet the May 1 filing deadline. Accordingly, the Commission finds it appropriate to treat May 1 of each year as the effective date of the self-declared rates for purposes of computing filing deadlines with the Commission under 39 C.F.R. § 3035.105. The Postal Service shall thus file self-declared rates with the Commission no later than April 16 of each year. To ensure sufficient time to resolve any issues before the May 1 UPU deadline, the Commission strongly encourages the Postal Service to file proposed self-declared rates for the following year no later than April 1 of each year.

Additionally, the Postal Service is directed to include in future filings of self-declared rates calculations that show: (1) how the Postal Service applied Article 29.1 and Article 29.3 of the UPU Convention in developing the proposed self-declared rates, and (2) whether or not the Postal Service qualifies for the higher self-declared rates available under Article 29.8 of the UPU Convention based on Article RE 30-121 of the Regulations to the UPU Convention. Such calculations shall specifically identify all inputs and sources used to calculate self-declared rates under all applicable provisions of the Article 29 of the UPU Convention and Article RE 30-121 of the Regulations to the Convention and shall include a detailed explanation of the calculation methodology employed.

#### VI. APPLICATION FOR NON-PUBLIC TREATMENT FOR SELF-DECLARED RATES

The Postal Service filed specific per-item and per-kilogram self-declared prices with its Notice. See Notice, Attachment 2. The Postal Service filed these self-declared rates under seal and requests that the Commission afford these self-declared prices non-public treatment. *Id.* Attachment 1. In prior, similar proceedings, the Commission

determined to unseal the specific per-item and per-kilogram self-declared rates for Inbound Letter Post Small Packets and Bulky Letters.<sup>8</sup>

The Commission will review the arguments raised in the Postal Service's application for non-public treatment in a subsequent order to address whether the Commission will accord non-public treatment to the specific self-declared rates.

## VII. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission concludes that the self-declared rates for the Inbound Letter Post Small Packets and Bulky Letters product proposed in the Notice of the United States Postal Service of Rates Not of General Applicability for Inbound E-Format Letter Post, and Application for Non-Public Treatment, filed on April 29, 2022, comply with 39 U.S.C. § 3633(a) and 39 C.F.R. part 3035. The proposed prices may take effect as scheduled.
2. Future filings of self-declared rates for Inbound Letter Post Small Packets and Bulky Letters shall be filed with the Commission no later than April 16 of each year and shall include additional material as described in the body of this Order.

By the Commission.

Erica A. Barker  
Secretary

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<sup>8</sup> See, e.g., Docket No. CP2021-94, Final Determination to Unseal Self-Declared Rates for Inbound Letter Post Small Packets and Bulky Letters, July 13, 2021 (Order No. 5935).